

HOUSE BILL No. 2040

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-4.

Synopsis: Public employees' retirement fund (PERF) benefits. Provides that the multiplier used in calculating pension benefits for PERF members who retire after June 30, 1999, with at least ten years of service is graduated according to a member's years of service. Provides that the multiplier for a PERF member with at least ten years of service is equal to 1.2% and that the multiplier increases to 1.5% for a member with at least 25 years of service. (Current law provides that the multiplier is equal to 1.1%.)

Effective: July 1, 1999.

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January 27, 1999, read first time and referred to Committee on Ways and Means.



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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2040

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-4-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) The computation
3 of benefits under this section is subject to IC 5-10.2-2-1.5.

4 (b) For retirement benefits payable on and after July 1, 1975, for a
5 member retired on and after January 1, 1956, the pension (p) is
6 computed as follows:

7 STEP ONE: Multiply ~~one and one-tenths percent (1.1%)~~ the
8 **applicable percentage (ap) determined under section 4.5 of**
9 **this chapter** times the average of the annual compensation (aac)
10 and obtain a product.

11 STEP TWO: To obtain the pension, multiply the STEP ONE
12 product by the total creditable service (scr) completed by the
13 member on his retirement date.

14 Expressed mathematically:

15 $p = \text{(~~0.11~~) (ap) times (aac) times (scr)}$

16 (c) Unless the member has chosen a lump sum payment under
17 section 2 of this chapter, the annuity is the amount purchasable on the



member's retirement date by the amount credited to the member in the annuity savings account. The amount purchasable is based on actuarial tables adopted by the board under IC 5-10.2-2-10 at an interest rate determined by the board but no greater than the average interest rate earned during the immediately preceding fiscal year ending June 30 on bonds held in the investment portfolio of the fund.

SECTION 2. IC 5-10.2-4-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 4.5. (a) For a member of the Indiana state teachers' retirement fund, the applicable percentage referred to in section 4(b) of this chapter is one and one-tenth percent (1.1%).**

(b) For a member of the public employees' retirement fund who retires before July 1, 1999, the applicable percentage referred to in section 4(b) of this chapter is one and one-tenth percent (1.1%).

(c) For a member of the public employees' retirement fund who becomes disabled for purposes of IC 5-10.2-4-6 after June 30, 1999, and who has at least five (5) but less than ten (10) years of creditable service, the applicable percentage referred to in section 4(b) of this chapter is one and one-tenth percent (1.1%).

(d) Except as provided in subsection (c), for a member of the public employees' retirement fund who retires after June 30, 1999, the applicable percentage referred to in section 4(b) of this chapter is equal to the following:

- (1) One and two-tenths percent (1.2%), for a member with at least ten (10) but less than fifteen (15) years of creditable service.**
- (2) One and three-tenths percent (1.3%), for a member with at least fifteen (15) but less than twenty (20) years of creditable service.**
- (3) One and four-tenths percent (1.4%), for a member with at least twenty (20) but less than twenty-five (25) years of creditable service.**
- (4) One and five-tenths percent (1.5%), for a member with at least twenty-five (25) years of creditable service.**

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